

HOME AGAIN COST PROPOSAL

Response to Questions

Question 1

Note that 4I (1109 50th St. NE) is a lot only 19' wide. This is not a buildable lot. It is doubtful that any house wider than 16' could be built on the lot even with BZA approval. This should be dropped from Bundle 4 also. Also note that our research on sales prices in the MRIS system indicates that the Quarles St. properties and 5300 East Capitol St. NE are under contract with a settlement date of 12/31/02. Kevin Moody, our Housing Development Manager and licensed real estate agent, tells me that this is a sign that they are HUD properties listed with an agent. We will check further on these.

Answer 1

If you believe that a lot is unbuildable, you should state so in your bid with your rationale. If we concur, we will remove that lot from the bundle at that time.

As to the Quarles Street and East Capital properties, the District has a title commitment from a reputable title company to all these properties and the legal paper trail of their transfer from HUD to substantiate ownership.

Question 2

Neal as you know we have been inspecting properties in Bundle 4 with the intention of submitting a proposal for the development rights to the bundle. However, based on the inspection today of the three Quarles St. properties We may not be able to submit because the properties as currently configured are not feasible to develop. The three properties are actually 3 units of a 6 unit complex. 4718 and 4722 are ground floor flats while 4720 consists of two flats sitting above the others. To develop them as individual "properties" would require creation of a condo regime, a development option not feasible given the location of the units, the difficulty in making 3 or 4 units condos work, and the attached presence of other abandoned units. We are requesting that these units be dropped from Bundle 4 until the other vacant units are secured by Home Again or that the three properties be treated as one property for purposes of the submittal. It appears possible, though it would be very expensive, to convert the three units into an owner-occupied unit with a rental unit (4718 Quarles). We are afraid that the sales price to do the latter could not be achieved in the neighborhood at this time. Please advise.

Answer 2

The District is amenable to any feasible development plan for the Quarles Street properties as well as all others properties. Developers may combine and reconfigure adjacent properties if they wish. The rationale for any development plan should be made clear in the developer's proposal to the District whether they are proposing condo's, duplexes etc. Please note, the District is willing to lower the amount it will sell a property for, if a developer demonstrates that such a price reduction is needed for project feasibility.

If developers believe that for properties put up for bid to be feasibly developed, adjacent vacant properties need to be redeveloped, the District is amenable to acquiring those properties. If a developer's interest is contingent on the District's acquisition of these other properties, this should be stated in their proposal to the District. The properties proposed for acquisition should be specifically identified.

Question 3

I have reviewed the RFP and have the following questions/concerns:

1. I don't understand why there is such a disparity in the bundle sizes and why some properties are included in bundles so far out of their natural "bundle area". Bundles 1,2,3, and 6 have 5 or 6 properties while bundles 4 and 5 have 15 and 13 properties respectively. At least two of the properties in bundle 4 could

have been in bundles 1,2,3. In addition the disparity in bundle size creates a situation in which the chances of failure for the winning developer of bundles 4 and 5 is increased dramatically because it will have to develop many more properties within one year vis-à-vis the other developers. Also it would seem that the larger bundles would have a proposal response time that takes into account the much larger amount of work that must be done when one is costing out 15 properties vs. 5.

2. Vacant lots are unlikely to be completed within one year, particularly in the large bundles (4 and 5) because the development process is just a lot longer. Will there be no consideration of this reality?

3. What if a property does not meet zoning requirements "as is" and needs a variance? This will be true for lots under 4,000 sq. ft. Those properties that need a variance can not be done within one year. Will there be a recognition of this reality?

4. What does construction financing needs to be in place mean? We have three lines of credit it plans to use for acquisition and renovation/construction. We have provided evidence of their existence. Clearly a developer bidding on a large bundle needs to have more financing available than someone bidding on a small bundle. Our lines revolve based on use and sale. This will impact the building schedule because of the size of the bundles and the availability of funds. We will increase the lines if necessary but can not know that today and at the time of acquisition of the properties from the City.

5. We are not an LSDBE, and in fact cannot become one because we are non-profit, thus we cannot complete an application. I assume this will be recognized.

6. This is a homeownership initiative. Can 4 unit properties be developed as condos? If so this will take longer than a run-of-mill rehab. Will there be a recognition of this?

7. Why is the guarantee letter needed if a bank check is provided for the deposit?

Answer 3

1. As we said at the initial information session, we will be doing bundles from 5 to 20 properties in order to give small developers as well as larger developers an opportunity to bid on bundles. The great preponderance in comments that we have received over the past year indicate that established development companies with capacity would prefer the larger parcels. Administratively, smaller bundles put a much greater strain on the District. We are doing small bundles as an accommodation to small developers who requested that we do so.

Our expectation is that firms with more capacity will bid on the larger bundles while those with less capacity will bid on the smaller ones. Therefore, the those firms who want to bid on the larger bundles should be able to respond in the time given.

2. Developers should propose schedules that they deem feasible and explain why they believe that they can not complete construction in a one year time period.
3. Unavoidable delays that result from District legal requirements will be taken into consideration.
4. If a developer is financing development with a construction loan that loan must be closed on and available. If the developer is financing all development out of his own funds, he must demonstrate that those funds are available and are sufficient to fund this development. If later construction is dependant on earlier home sales, a spreadsheet that demonstrates on a month by month basis that there will be sufficient cash on hand to meet the initial construction schedule will be needed. This financing plan should take into account construction and sales delays and not work in a "best case scenario" situation. The same methodology will be applied for developers who seek to use a line of credit for construction. A line of credit of sufficient size will be necessary to close on any of the bundles. We believe that the sixty days time to close for successful bidders is sufficient time to arrange for a needed increase in a line of credit.

5. Yes. However, if you have any contractors or partner who you wish to get LSDBE credit for, then they must become certified.
6. Condos and duplexes etc. are allowable under this initiative. All development schedules will be judged for feasibility recognizing that different development plans require different schedules.
7. You may submit either a bank check or a company check. The company check should have a bank letter of guarantee.